Harbor Dividend Growth Leaders ETF

Quarterly Commentary & Attribution

Subadvisor (since 04/30/2010):

Westfield Capital Management Company, L.P.

Portfolio Manager(s):

William A. Muggia

Benchmark 1 Name: NASDAQ Dividend Achievers Select Total Return Index
Benchmark 2 Name: S&P 500 Index

Investment Philosophy:

The Harbor Dividend Growth Leaders ETF seeks long-term growth of capital by investing in a relatively concentrated portfolio of primarily large-cap companies with a history or prospect of paying stable or increasing dividends, as determined by the portfolio manager and investment team. The Fund uses a bottom-up process to identify companies that meet its fundamental criteria that evaluates companies on earnings, free cash flow generation, and return-of-capital priorities, including dividends and stock buybacks.

Harbor Dividend Growth Leaders ETF

PERFORMANCE

As of 06/30/2026

Average Annual Returns

	Ticker	CUSIP	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date	Gross Expense Ratio %
Harbor Dividend Growth Leaders ETF (NAV)	GDIV	41151J703	10.26%	10.99%	20.81%	15.11%	9.79%	13.20%	12.06%	04/30/2010	0.50
Harbor Dividend Growth Leaders ETF (Market)	GDIV	41151J703	10.92%	10.92%	20.74%	15.08%	9.79%	13.20%	12.06%	04/30/2010	0.50
NASDAQ Dividend Achievers Select Total Return Index			10.40%	7.12%	14.83%	15.36%	10.87%	13.15%	12.40%	04/30/2010	
S&P 500 Index			15.20%	10.21%	22.32%	20.61%	13.41%	15.51%	14.17%	04/30/2010	

The Fund's returns achieved during certain periods shown were unusual and an investor should not expect such performance to be sustained.

MANAGER COMMENTARY

As of 06/30/2026

"The momentum trade that carried much of the market higher looks extended and is beginning to crack. We expect capital to keep rotating into laggards like Health Care and Financials as the market broadens."
Westfield Capital Management Company, L.P.

Market in Review

The second quarter of 2026 marked a decisive turnaround for U.S. equities, with major indexes posting their strongest quarter in six years and reaching new highs across market caps and styles alike. Strong fundamentals kept the market resilient despite ongoing inflation concerns, powered by relentless AI infrastructure spending and an earnings season that kept beating expectations. That resilience was reinforced by a broader global backdrop, as Purchasing Managers' Indexes across developed and emerging markets broke out together to multiyear highs, signaling a recovery in economic momentum more genuine and widespread than the headline numbers suggest. Leadership broadened away from the Mag 7 at the index level, but underneath the surface, the rally told a more complicated story of narrow leadership around AI winners, momentum outperformance, and low quality. We saw an unprecedented second straight quarter of 30%-plus single-sector dominance, as Energy collapsed from the first quarter's top sector to the second quarter's worst sector as oil retreated, while Information Technology roared back to become the quarter's sole outperformer, driven by renewed AI optimism. Small caps resumed leadership, but that leadership was driven by unprofitable, heavily shorted, and speculative names—small-cap breadth ran well below historical norms, and not owning the Russell 2000® Index's top performers was costly for active managers.

Portfolio Performance

During the second quarter of 2026, the Harbor Dividend Growth Leaders ETF ("ETF") returned 10.26% (NAV), underperforming the style benchmark, the NASDAQ US Dividend Achievers Select Total Return Index ("Index"), which returned 10.40%, and its primary benchmark, the S&P 500 Index, which returned 15.20%.

From a sector perspective, relative strength in Financials and Industrials was offset by relative weakness within Information Technology and Health Care.

Common factors provided a tailwind to relative performance during the quarter, primarily driven by the ETF's overweight exposure to momentum and volatility.

Performance data shown represents past performance and is no guarantee of future results. Past performance is net of management fees and expenses and reflects reinvested dividends and distributions. Investment returns and principal value will fluctuate and when redeemed may be worth more or less than their original cost. Returns for periods less than one year are not annualized. Current performance may be higher or lower and is available through the most recent month end at harborcapital.com or by calling 800-422-1050.

ETF performance prior to 5/23/22 is attributable to the Westfield Capital Dividend Growth Mutual Fund, Institutional Share class and/or Westfields private investment vehicle. The historical NAV of the predecessor are used for both NAV and Market Offer Price performance from inception to ETF listing date. Performance periods since GDIV listing date may contain NAV and MOP data of both the newly formed ETF and the predecessor fund performance. Please refer to the Fund prospectus for further details.

Shares are bought and sold at market price not net asset value (NAV). A fund's NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. Market price returns are based upon the closing composite market price and do not represent the returns you would receive if you traded shares at other times.

Harbor Dividend Growth Leaders ETF

MANAGER COMMENTARY

As of 06/30/2026

Dividend strategies as a category underperformed both growth-oriented indexes and the S&P 500, consistent with the historical pattern of quality and defensive strategies lagging during narrow, momentum-driven markets.

Since the start of 2023, dividend growers as a group have lagged badly, trailing momentum, growth, and high-beta strategies by a wide margin, and that underperformance persisted through the second quarter as the broader tape favored low-quality, speculative leadership. Within the category, though, performance was far from uniform. High dividend growth and free cash flow yield, our preferred cohorts within the space, have been the standouts, up roughly 14% year to date through late June, essentially in line with the equal-weight S&P 500 and well ahead of 'Dividend Aristocrats' and broader dividend-yield strategies. That relative strength reflects the defensive-growth character of the cohort. Companies combining above-market dividend growth with high free cash flow yield have historically outperformed the market by 5.00%-plus annually, and in our opinion, the group remains reasonably valued near its long-term average relative multiple.

We believe dividend growers are positioned to move from laggards to leaders. As market leadership broadens beyond a narrow set of AI winners, and the extended momentum trade shows signs of cracking, we expect capital to rotate into higher-quality, laggard segments such as Health Care, Industrials, and Financials—sectors well represented among durable dividend growers. Companies with long records of raising dividends and consistent net share buybacks have historically held up, heading into and through economic slowdowns—a profile we think leaves the ETF well positioned, whether the market continues to broaden or the current rally falters. Valuation support, a growing income stream, and the potential for renewed leadership give us confidence in the ETF's positioning heading into the third quarter.

Contributors & Detractors

The top five contributors to relative performance during the quarter included the following:

Dell Technologies, a provider of IT hardware including servers and storage, was the largest contributor to relative performance—up over 130% in the quarter. The stock surged after a blowout earnings report showed AI server revenue up sharply and a raised full-year guidance, driven by surging demand for Nvidia-powered AI infrastructure and a growing order backlog. We took advantage of the opportunity to sell the position on strength in June.

Broadcom, a provider of networking, broadband, and AI connectivity and custom silicon, was a notable contributor, benefiting from continued strength in AI semiconductor revenue—up 143% year over year—driven by strong demand for custom AI accelerators and networking.

Cummins, a manufacturer of diesel engines and power equipment, was a top contributor this past quarter, driven by a first quarter earnings beat and raised full-year guidance, with Power Systems revenue up sharply on strong data center demand for backup power generation.

Rockwell Automation, a provider of factory automation hardware and software, was a notable contributor. The company posted a strong quarter, with organic revenue and earnings per share ahead of consensus estimates, alongside a substantial full-year guidance raise. We continue to view Rockwell as a high-quality play on intelligent industrial systems, reshoring, automation, and AI productivity.

Walmart, a multinational retail and grocery operator, was a positive contributor driven by our underweight allocation relative to the benchmark, as Walmart broadly underperformed alongside Staples during the quarter. We continue to view Walmart as a defensive stock with an omni-channel moat—with marketplace and media now roughly a third of earnings before interest and taxation, though valuation remains elevated, keeping us underweight.

The bottom five detractors from relative performance included the following:

Rollins, a pest control services provider, was a notable detractor from relative performance during the quarter. Shares declined on margin pressure from continued growth investments, along with analyst downgrades and a broader rotation away from premium growth names. We see the pullback as more about valuation and sentiment than any change in pest control demand.

Salesforce, a provider of cloud-based customer relationship management and sales automation software, was a detractor following mixed quarterly results, with billings and current remaining performance obligations slightly below expectations, though earnings and operating margin exceeded consensus. We added to the position during the quarter, given a valuation near all-time lows on a cash-flow basis and the company's system-of-record status.

Hershey, a chocolate and confectionery maker, broadly underperformed during the quarter. We remain constructive on the name, with margins recovering as cocoa prices fall off sharply, and prior price increases stick. We believe its legacy chocolate franchise is better positioned against the GLP-1 threat and private label pressure than other snacking categories.

UnitedHealth Group detracted from relative results. We sold the position in May after shares had rallied sharply on an earnings beat, raised guidance, and a favorable Medicare Advantage rate update from the Centers for Medicare & Medicaid Services ("CMS"). Shares continued to advance after we sold the position, which weighed on relative performance.

Bunge Global SA, a global agribusiness and food ingredients company and a new addition to the ETF during the quarter, detracted from relative results. Shares came under pressure as lower crop prices weighed on grain processing margins, while weaker processing margins and record soybean supply raised concerns about margin normalization. Shares had been priced for good news, leaving no room for a miss.

Buys & Sells

Within Information Technology, we sold out of Dell Technologies entirely after its sharp advance.

We trimmed Broadcom on unchanged AI guidance following an otherwise strong print, flagging its momentum-trade risk, while maintaining it as a high-quality AI/enterprise IT compounder held as an underweight.

Within Health Care, we took profits in UnitedHealth Group, buying and then selling the position within the quarter after the stock beat earnings, raised guidance, and moved sharply on a favorable CMS Medicare Advantage rate update.

Sector Overweights & Underweights

Energy represented the ETF's largest overweight relative to the Index entering 2026. Energy was the top performing sector in the first quarter, and we sold our positions in oil services companies SLB Limited and Haliburton on strength in the first quarter, reducing our overweight to the sector. We continue to have exposure to high-quality domestic energy—modestly overweight and positioned for higher-for-longer oil pricing without making an outsized bet.

The Information Technology sector represented the ETF's largest underweight entering 2026. The sector represents a large absolute sector exposure, but we continue to carry a meaningful underweight relative to the benchmark.

It is important to remember that we take a bottom-up, fundamental approach when identifying securities for inclusion within the ETF, and sector exposures are the result of our fundamental conviction in individual companies. Additionally, we continue to believe having a healthy balance of high-quality cyclical and secular growth companies provides more consistent results over time.

Outlook

Looking ahead, we believe the environment favors selectivity and balance over concentration. We continue to favor the other 493 stocks over the Mag 7 in the S&P 500 and see potential for a multiyear small-cap performance run, as decreasing correlations and a broadening earnings recovery across sectors should prove a tailwind for active managers able to look beyond the largest names. Crowding within AI winners warrants cautious positioning and disciplined risk management, but we don't see a broken thesis—unlike in 1999, the earnings underpinning this cycle are real. At the same time, the momentum trade that carried much of the market higher looks extended and is beginning to crack. We expect capital to keep rotating into laggards like Health Care and Financials as the market broadens. This is an environment where we believe disciplined capital rotation, prudent risk management, and deep fundamental research should be rewarded.

Harbor Dividend Growth Leaders ETF

TOP 10 HOLDINGS

As of 06/30/2026

Top 10 Holdings	Portfolio %	Bench 1 %	Bench 2 %
Apple Inc.	4.97	4.21	6.59
Broadcom Inc.	4.73	4.55	2.77
Eli Lilly and Company	4.40	4.39	1.47
Mueller Industries Inc.	3.66	0.00	0.00
Williams Companies Inc.	3.27	0.00	0.14
NVIDIA Corporation	3.05	0.00	7.52
Johnson & Johnson	2.97	2.57	0.95
Tapestry Inc.	2.88	0.00	0.05
Cummins Inc.	2.60	0.41	0.15
Bank of America Corp	2.59	1.72	0.58
Total	**35.13**	**17.85**	**20.22**

QUARTERLY ATTRIBUTION

As of 06/30/2026

Best & Worst Performers

Best Performers	Average Weight %	Gross Return % (NAV)
DELL TECHNOLOGIES -C	1.12	126.43
ROCKWELL AUTOMATION INC	1.84	38.39
CUMMINS INC	2.44	32.98
ELI LILLY & CO	3.82	30.63
REGAL REXNORD CORP	1.95	27.38

Worst Performers	Average Weight %	Gross Return % (NAV)
ROLLINS INC	1.63	-21.58
SALESFORCE INC	1.24	-15.67
HERSHEY CO/THE	1.34	-14.95
BUNGE GLOBAL SA	0.82	-14.82
PFIZER INC	1.21	-12.81

Contributors & Detractors

Greatest Contributors	Gross Return % (NAV)	Contribution to Return %
BROADCOM INC	22.25	1.63
DELL TECHNOLOGIES -C	126.43	1.48
ELI LILLY & CO	30.63	1.07
CUMMINS INC	32.98	0.69
APPLE INC	14.12	0.67
Total		**5.55**

Greatest Detractors	Gross Return % (NAV)	Contribution to Return %
ROLLINS INC	-21.58	-0.36
SALESFORCE INC	-15.67	-0.27
HERSHEY CO/THE	-14.95	-0.22
WALMART INC	-8.69	-0.21
BUNGE GLOBAL SA	-14.82	-0.21
Total		**-1.26**

Holdings are subject to change. Go to harborcapital.com/etf/GDIV for current holdings.
Performance data shown represents past performance and is no guarantee of future results.

Harbor Dividend Growth Leaders ETF

ATTRIBUTION

As of 06/30/2026

Quarterly Attribution:
Harbor Dividend Growth Leaders ETF vs NASDAQ Dividend Achievers Select Total Return Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	10.25	10.40	-0.14
Currency Contribution	0.00	0.00	0.00
Total Return	**10.25**	**10.40**	**-0.14**

Sector Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Financials	18.63	20.58	-1.95	16.79	9.89	6.89	3.02	2.05	0.09	1.16	1.25
Industrials	17.39	12.99	4.40	15.36	11.80	3.55	2.52	1.52	0.10	0.52	0.62
Energy	4.42	2.84	1.58	0.12	-18.39	18.51	0.04	-0.63	-0.27	0.86	0.59
Materials	1.48	3.36	-1.88	2.82	5.72	-2.91	0.06	0.20	0.09	-0.04	0.05
Consumer Staples	7.86	9.83	-1.97	-6.07	-3.09	-2.98	-0.53	-0.27	0.26	-0.27	-0.02
Real Estate	1.03	0.00	1.03	2.93	0.00	2.93	0.03	0.00	-0.05	0.00	-0.05
Utilities	3.79	2.79	1.00	-0.08	-0.83	0.75	0.00	-0.02	-0.12	0.04	-0.09
Consumer Discretionary	7.73	4.25	3.47	1.41	-0.05	1.47	0.24	-0.01	-0.39	0.15	-0.24
Health Care	14.47	16.60	-2.13	6.74	11.90	-5.16	0.89	1.95	-0.18	-0.77	-0.96
Information Technology	20.32	26.77	-6.45	20.27	23.09	-2.83	3.96	5.62	-0.42	-0.59	-1.01
Total	**100.00**	**100.00**	**0.00**	**10.25**	**10.40**	**-0.14**	**10.25**	**10.40**	**-1.20**	**1.05**	**-0.14**

Trailing 1 Year Attribution:
Harbor Dividend Growth Leaders ETF vs NASDAQ Dividend Achievers Select Total Return Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	21.19	14.83	6.36
Currency Contribution	0.00	0.00	0.00
Total Return	**21.19**	**14.83**	**6.36**

Sector Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Consumer Discretionary	7.51	5.20	2.30	28.61	-2.77	31.38	2.02	-0.13	-0.60	2.46	1.86
Financials	22.15	23.18	-1.03	17.26	7.52	9.73	3.04	1.62	0.07	1.62	1.69
Energy	4.14	0.88	3.27	17.03	27.60	-10.57	0.97	-0.37	3.27	-1.79	1.48
Health Care	13.24	13.06	0.18	37.29	18.98	18.31	3.65	2.82	-0.73	2.06	1.33
Information Technology	20.94	27.08	-6.15	26.01	22.50	3.51	6.58	5.76	0.27	0.98	1.26
Industrials	15.26	13.73	1.53	28.79	28.01	0.77	4.16	3.44	0.30	0.02	0.32
Utilities	2.95	2.43	0.52	34.56	22.87	11.69	0.80	0.53	0.00	0.23	0.22
Materials	1.51	3.44	-1.93	9.27	14.02	-4.75	0.29	0.47	0.04	0.06	0.10
Real Estate	1.24	0.00	1.24	16.16	0.00	16.16	0.25	0.00	-0.05	0.00	-0.05
Consumer Staples	6.70	11.00	-4.30	3.83	5.73	-1.90	0.14	0.70	-0.04	-0.16	-0.20
Communication Services	1.55	0.00	1.55	-16.07	0.00	-16.07	-0.83	0.00	-1.10	0.00	-1.10
Total	**100.00**	**100.00**	**0.00**	**21.19**	**14.83**	**6.36**	**21.19**	**14.83**	**0.89**	**5.47**	**6.36**

Performance data shown represents past performance and is no guarantee of future results. Portfolio returns and attribution are shown gross of fees.

Harbor Dividend Growth Leaders ETF

ATTRIBUTION

As of 06/30/2026

Trailing 3 Year Attribution:
Harbor Dividend Growth Leaders ETF vs NASDAQ Dividend Achievers Select Total Return Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	56.34	53.54	2.80
Currency Contribution	0.00	0.00	0.00
Total Return	**56.34**	**53.54**	**2.80**

Sector Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Health Care	12.73	14.26	-1.52	48.12	10.92	37.20	6.53	1.85	0.50	6.00	6.50
Consumer Discretionary	8.22	5.98	2.24	75.70	1.15	74.54	4.14	0.19	-2.19	6.62	4.44
Utilities	2.46	2.20	0.26	177.68	30.43	147.25	3.19	0.41	0.42	2.43	2.85
Energy	3.61	0.89	2.72	68.15	-11.77	79.92	1.96	-0.55	1.66	0.55	2.21
Industrials	12.68	13.72	-1.03	70.79	70.92	-0.14	7.54	8.88	0.13	-0.06	0.07
Communication Services	2.76	0.59	2.17	38.20	-6.88	45.08	1.18	-0.06	-1.68	1.50	-0.18
Materials	2.02	3.60	-1.59	-30.42	21.99	-52.41	-0.79	0.68	0.61	-1.73	-1.12
Real Estate	2.65	0.00	2.65	15.03	0.00	15.03	0.44	0.00	-1.76	0.00	-1.76
Information Technology	24.65	24.46	0.18	84.76	98.87	-14.11	20.81	21.27	0.96	-2.97	-2.01
Consumer Staples	5.97	12.55	-6.58	8.46	41.13	-32.67	-0.79	5.61	-0.56	-2.65	-3.21
Financials	19.79	21.75	-1.96	63.95	75.34	-11.39	11.71	15.27	-0.49	-2.85	-3.34
Total	**100.00**	**100.00**	**0.00**	**56.34**	**53.54**	**2.80**	**56.34**	**53.54**	**-4.05**	**6.85**	**2.80**

Performance data shown represents past performance and is no guarantee of future results. Portfolio returns and attribution are shown gross of fees.

Harbor Dividend Growth Leaders ETF

IMPORTANT INFORMATION

Risks

Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value.

Investments involve risk including the possible loss of principal. There is no guarantee the investment objective of the Fund will be achieved. The Fund's emphasis on dividend paying stocks involves the risk that such stocks may fall out of favor with investors and under-perform the market. There is no guarantee that a company will pay or continually increase its dividend. The Fund may invest in a limited number of companies or at times may be more heavily invested in particular sectors. As a result, the Fund's performance may be more volatile, and the value of its shares may be especially sensitive to factors that specifically effect those sectors. The Fund may invest in foreign securities which may be more volatile and less liquid due to currency fluctuation, political instability, government sanctions, social and economic risks. Foreign currencies can decline in value and can adversely affect the dollar value of the Fund.

Benchmarks

The S&P 500 Index is an unmanaged index generally representative of the U.S. market for large capitalization equities. The NASDAQ U.S. Dividend Achievers Select® Index is a modified market capitalization weighted index. The NASDAQ U.S. Dividend Achievers Select® Index is comprised of a select group of securities with at least ten consecutive years of increasing annual regular dividend payments. These unmanaged indices do not reflect fees and expenses and are not available for direct investment.

The Russell 2000® Index measures the performance of the small-cap segment of the US equity universe. It is a subset of the Russell 3000® and includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. These unmanaged indices do not reflect fees and expenses and are not available for direct investment. The Russell 2000® Index and Russell® are trademarks of Frank Russell Company.

Disclosures

On or about May 20, 2022, the Fund acquired the assets and assumed the then existing known liabilities of the Predecessor Fund and the Fund is expected to be the performance successor of the reorganization. This means that the Predecessor Fund's performance and financial history will be used by the Fund going forward from the date of reorganization.

In the reorganization, former shareholders of the Predecessor Fund received shares of the Fund. Accordingly, the performance of the Fund for periods prior to the reorganization is the performance of the Predecessor Fund and the performance shown for periods prior to July 26, 2013 is the performance of a private investment vehicle that predated the Predecessor Fund. The private investment vehicle was managed by the Subadvisor using investment policies, objectives and guidelines that were in all material respects equivalent to the management of the Fund and Predecessor Fund. However, the private investment vehicle was not a registered investment company and so it was not subject to the same investment and tax restrictions as the Fund and Predecessor Fund. If it had been, its performance may have been lower. The performance of the Predecessor Fund has not been restated to reflect the annual operating expenses of the Fund, which are lower than those of the Predecessor Fund. Because the Fund has different fees and expenses than the Predecessor Fund, the Fund would also have had different performance results.

Expense ratio information is as of the Fund's current prospectus, as supplemented. Gross expenses are the Fund's total annual operating expense.

Due to the security valuation procedures of the Fund and intra-day trading activity not included in the FactSet calculations, the actual returns may vary. From time to time the cash return in the portfolio may appear distorted based on the way FactSet's attribution calculation methodology addresses delayed settlements.

Best and Worst Performers sections reflect stocks in the portfolio for the quarter with an average weight of 0.25% or greater.

This information should not be considered as a recommendation to purchase or sell a particular security. The weightings, holdings, industries, sectors, countries, and returns mentioned may change at any time and may not represent current or future investments.

Views expressed herein are drawn from commentary provided to Harbor by the subadvisor and may not be reflective of their current opinions or future actions, are subject to change without prior notice, and should not be considered investment advice.

As a result of changing market conditions, expenses and other statistics may change at any time and may differ from those shown.

Sector allocations are determined using the Global Industry Classification Standard (GICS), which is a service of Morgan Stanley Capital International (MSCI) and Standard & Poor's (S&P).

Investors should carefully consider the investment objectives, risks, charges and expenses of a fund before investing. To obtain a summary prospectus or prospectus for this and other information, visit harborcapital.com or call 800-422-1050. Read it carefully before investing.

Foreside Fund Services, LLC is the Distributor of the Harbor ETFs.

Harbor Dividend Growth Leaders ETF

IMPORTANT INFORMATION

Attribution Disclosures

Linked Performance by Sectors data is produced from FactSet using data supplied by State Street Bank and Trust Company.

Active Currency Contribution is the Currency Contribution of the portfolio minus the Currency Contribution of the benchmark.

Allocation Effect is the portion of portfolio excess return that is attributable to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the average percent capitalization of the portfolio's group minus the average percent cap of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark.

Average Weight is the dollar value (price times the shares held) of the security or group, divided by the total dollar value of the entire portfolio displayed as a percentage. It is calculated as the simple arithmetic average of daily values.

Contribution to Return is the contribution of a security or group to the overall portfolio return. It is calculated as the security weight multiplied by the daily security return linked daily across the reporting period.

Currency Contribution is Total Return in USD subtracting out the Local Returns.

Local Returns are the Total Return of the portfolio or benchmark using the local currency.

Selection Effect is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's security selection effect equals the average weight of the benchmark's group times the total return of the portfolio's group minus the total return of the benchmark's group.

Total Effect is the sum of Allocation Effect and Selection Effect. The total effect represents the opportunity cost of what was done in a group relative to the overall portfolio. It is not just the difference between percent contribution in the portfolio and benchmark. At the overall portfolio level, the two numbers are equal. At the group level, they can be different.

Total Return is the price change of a security or group including dividends accrued over the report period (or the in-portfolio return) which includes only the time period that each security was in the portfolio.

Definitions

Free cash flow represents the cash a company can generate after accounting for capital expenditures needed to maintain or maximize its asset base.

Beta is a measure of systematic risk, or the sensitivity of a fund to movements in the benchmark. A beta of 1 implies that the expected movement of a fund's return would match that of the benchmark used to measure beta.